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Comm. Amdt. _____

Amendment No. 3 to HB2569

Odom

Signature of Sponsor

AMEND Senate Bill No. 2829*

House Bill No. 2569

by deleting Section 38 of the bill as amended by House Amendment No. 1 (HA 1220) and by substituting instead the following:

SECTION 38. Tennessee Code Annotated, Section 67-6-202(a), by deleting the subsection in its entirety and by substituting instead:

(a) For the exercise of the privilege of engaging in the business of selling tangible personal property at retail in this state, a tax is levied on the sales price of each item or article of tangible personal property when sold at retail in this state; the tax is to be computed on gross sales for the purpose of remitting the amount of tax due the state and is to include each and every retail sale. The tax shall be levied at the rate of six and one-quarter percent (6.25%). There is levied an additional tax at the rate of two and three-quarters percent (2.75%) on the amount in excess of one thousand six hundred dollars (\$1,600), but less than or equal to five thousand dollars (\$5,000), on the sale or use of any single article of personal property as defined in § 67-6-702(d). The additional tax of two and three-quarters percent (2.75%) on the sale of any single article of personal property in the amount in excess of one thousand six hundred dollars (\$1,600), but less than or equal to five thousand dollars (\$5,000) shall be state tax and the revenues from such tax shall be deposited in the state general fund. Tax shall be levied on the sale of any single article of personal property in the amount in excess of five thousand dollars (\$5,000) at the rate of six and one-quarter percent (6.25%).

AND FURTHER AMEND by deleting Section 39 in its entirety.

AND FURTHER AMEND by deleting Section 43 in its entirety.

AND FURTHER AMEND by deleting Section 44 and by substituting instead the following:

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SECTION 44. Notwithstanding the provisions this act to the contrary, sales to or use by a contractor, subcontractor, or material vendor of tangible personal property, including rentals thereof and labor or services performed in the fabrication, manufacture, delivery, or installation of such tangible personal property when such property is sold or used solely in performance of a lump sum or unit price construction contract entered into prior to June 15, 2002, or awarded by the state or a political subdivision pursuant to a bid opening which occurred prior to June 15, 2002, shall be subject to tax at the state rate of six percent (6%) plus the local option sales tax rate in effect on June 15, 2002, in the county or municipality in which the property is sold or used. In addition, sales to or use by a subcontractor of tangible personal property, including rentals thereof and labor or services performed in the fabrication, manufacture, delivery, or installation of such tangible personal property when such property is sold or used solely in performance of a written subcontract entered into prior to September 1, 2002, if such subcontract is made pursuant to a general contract qualifying for the reduced rate of tax as set out above, shall be subject to tax at the rate of six percent (6%) plus the local option sales tax rate in effect on June 15, 2002, in the county or municipality in which the property is sold or used. Any vendor making such sales to any such contractor or subcontractor shall collect sales tax at the rates set by the provisions of this act plus the local option sales tax rate in the county or municipality in which the property is sold or used. Any such contractor or subcontractor paying the rate set by the provisions of this act may then file a claim with the commissioner of revenue for a refund of any such tax paid to any of the contractor's or subcontractor's vendors at a rate in excess of six percent (6%) plus the local option sales tax rate in effect on June 15, 2002, in the county or municipality in which the property is sold or used. For purposes of this

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subsection the term "lump sum or unit price construction contract" means a written contract for the construction of improvements to real property under which the amount payable to the contractor, subcontractor or material vendor is fixed without regard to the costs incurred in the performance of the contract. The provisions of this paragraph shall not be construed to increase the rate of tax imposed pursuant to the provisions of Tennessee Code Annotated, Section 67-6-206.

AND FURTHER by adding the following as a new Section 55 and renumbering the section authorizing the commissioner of revenue to promulgate rules according:

SECTION 55. Tennessee Code Annotated, Section 55-6-107, is amended by deleting subsection (a) in its entirety and by substituting instead the following:

(a) The proceeds of the taxes levied by chapter 4 of this title shall be apportioned by a distribution, in the following order, of two percent (2%) to the general fund, a sum sufficient to the general fund for the purpose of funding the department of safety and the remainder to the highway fund. The funding board is authorized to allocate such portions of these funds as are required to meet the annual requirements for payment of the state debt. Notwithstanding the foregoing, from the distribution to the highway fund, revenue shall be allocated to the general fund as follows:

(1) In an amount sufficient to fund the cost of issuing motor vehicle registration plates, such amount to be established in the annual appropriations act; and,

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(2) Two million dollars (\$2,000,000) to fund costs of driver testing centers. Such amount shall be appropriated in the annual general appropriations act.

AND FURTHER AMEND by deleting Sections 56 through 63 (the effective date sections) in their entirety and by substituting instead the following:

SECTION 57.

(a) Sections 1 through 28 shall take effect upon becoming law and shall apply to tax years ending on or after July 1, 2002, the public welfare requiring it.

(b) Sections 29 and 30 shall take effect upon becoming law and shall apply to excise tax returns filed for tax years ending on or after June 30, 2002, the public welfare requiring it.

(c) Section 31 shall take effect July 1, 2002, and shall apply to tax years beginning on or after that date, the public welfare requiring it.

(c) Sections 32 through 37 shall take effect July 1, 2002, the public welfare requiring it.

(d) Sections 38, 40, 41, 42, and 44 through 55 shall take effect July 1, 2002, the public welfare requiring it.

(e) All other provisions of this act shall take effect upon becoming law, the public welfare requiring it.